

## **Town of Bedford Finance Committee**

Town Hall, Selectmen's Meeting Room

December 11, 2014

Members in attendance: Rich Bowen, Steve Carluccio, Elizabeth McClung, Paul Mortenson, Barbara Perry, David Powell, Steve Steele (Chair), Ben Thomas.

Others in attendance: David Coelho, *School Finance Director*; Margot Fleischman, *Selectmen (Chair)*; Victor Garofalo, *Director of Finance and Collector/Treasurer*; Ann Guay, *School Committee*; Brad Hafer, *School Committee (Chair)*; Michael McAllister, *School Committee*; Bill Moonan, *Selectmen*; Ed Pierce, *School Committee*; Abbie Seibert, *School Committee*; Jon Sills, *Superintendent of School*; Julie Turner, *The Bedford Citizen and Bedford TV*.

**Preliminary School Budget Presentation:** Superintendent Sills framed the presentation by saying the School budget is built with community values and expectations “for all students” in mind, as outlined below:

- High performing schools that nurture intellectual curiosity, creative expression, independent thinking and skillful problem solving rooted in a rich array of knowledge;
- A supportive, safe and caring school culture that promotes an appreciation of diversity;
- Intellectually engaging and challenging learning experiences;
- Comprehensive, well-articulated curriculum;
- Robust music, arts and wellness courses;
- Ample athletic and extracurricular opportunities;
- Strong 21st Century Skill Development;
- College and Career Readiness;
- A commitment to educational equity and closing achievement gaps.

Mr. Sills then identified two categories of budget drivers: **fixed**, such as contractual salary obligations, out of district SpEd placements and transportation, utilities, existing technology, materials and supplies inflation, mandates and accountability— and **variable or fluctuating**, such as enrollment, student/program needs (social /emotional and achievement-based), in-house SpEd programs, technology, materials and supplies.

While the last few years have seen “fairly steady” School budget growth around 4%, the preliminary budget request for FY16 represents a 7.01% increase or \$2,146,353. Expressed in another way— after adjusting the FY15 budget to remove utilities and technology expenses (as has been previously discussed), the \$2,146,353 represents a 6.17% increase.

A “level services” budget, Mr. Sills said, would be a 5.11% increase over FY15. Level services adds no new programs or staff but takes into account the 3.83% contractual salary increase [\$1,007, 800]. It also represents a 10.87% increase in Expenses [\$222,021]; an 8.64% increase in SpEd out of district tuition

[\$381,536]; a 13.99% increase in SpEd out of district transportation [\$126,220]; and a 3.6% increase for regular education transportation [\$37,324].

Mr. Sills noted that the “Expenses” line item includes a JGMS Social Studies textbook and a \$60,000 increase in supplies for the Facilities department because they cut it too close and ran out last year in March.

Mr. Sills said the Davis School modulars were not in FY15’s budget baseline. He added it was unlikely the Schools would be able to cover the modulars from the Operating budget, as was hoped.

Looking at computer expenditures, Mr. Sills reported that a previous \$150,000 estimate of yearly allocation was incorrect. The allocation therefor amended to \$101,000. Mr. Garofalo made the change to the model.

Computers have also come down in price per unit from \$870 to \$730. Since FY13, the annual replacement per per building has been: 62 computers for BHS, 42 for JGMS, 20 for Lane and 15 for Davis.

The proposed \$516,000 cut in State Impact Aid will not affect the FY15 budget because the practice has been to use the actual amount toward the following year’s budget rather than the current year. If the Legislature and the Governor-elect do not restore FY15 Impact Aid, Plan B is to plug FY16 Impact Aid into the FY16 School budget. However, if FY16 Impact Aid is not appropriated, there will be a problem.

Turning from a level services budget to “additions we think we need on top” of that, Mr. Sills said the difference between the level services budget and the proposed budget with additions amounts to 1.06%. “So, the vast majority of what we’re asking for in the coming year is maintenance of service but there are some additional needs as well as some offsets we’ve found to help finance that,” Mr. Sills explained.

Mr. Sills identified “additional pressures”: Enrollment, student and program needs, SpEd in-house program expansion, mandates and accountability, safety and system maintenance.

Enrollment: The number projected for FY15 turned out to be higher than the actual enrollment which Mr. Sills said was due to “about 20 kids that did not come up to the high school from JGMS that we expected.” For the first time, a notable number of students went to private schools instead of BHS which Mr. Sills said perhaps reflected Bedford’s changing demographics.

For now, BHS enrollment looks to be fairly stable. Additional FTE’s hired this year to address over-crowded classes has vastly improved the situation, leaving only a few “outlier” classes with more than the desired number of students.

At JGMS, the 6<sup>th</sup> grade is a smaller class overall and has thus eased some of last year’s congestion. Next year the JGMS population will increase by 20 as a larger class comes up from Lane. This larger class leaving Lane relieves some of the pressure on that school.

Davis, however, is projected to once again be up 17 or more students at the Kindergarten level. Mr. Sills said, in order to get a better handle on enrollment projections, the Schools have decided to commission a new NESD enrollment study. A past NESD study was largely accurate in terms of “aggregate numbers”. “They missed the boat on kindergarten and the grade-specific numbers,” Mr. Sills explained. “We’ve asked them to do a much deeper data analysis, looking at housing starts, at permits, and the changes that are tractable –triangulating births and census information. We hope to get a much clearer view. We need that because of the building/space challenges but the numbers are relevant as well in planning for the operating budget.”

Even without the NESD findings, the Schools anticipate continued growth at the kindergarten level. Next year, the Davis is projected to have nine kindergartens, nine 1<sup>st</sup> grades and ten 2<sup>nd</sup> grades, necessitating an additional teacher in the building. However, because there will be one less classroom at Lane, the FTE cancels out.

It is in the area of PE that an additional FTE is needed at Davis. Although all the so-called “specials” (music, art, PE) are generally affected by higher enrollment, PE is the one special that “can’t be stretched anymore”. Therefore, Mr. Sills requests an additional FTE at \$61,670 for Davis School PE.

Student and program needs: Mr. Sills said that the student population presents a more complex mix of social, emotional and academic needs. For example, at BHS, a greater number of students are “cycling in and out of hospitals” due to issues such as depression, anxiety and concussion.

He said that the Davis School population has become more complex as well. This is “[p]artly as a result of changes in the general population—more anxiety amongst young kids, more acting out—but also because we brought in some of the Special Education programs that have saved something like \$3M a year in cost-savings/cost avoidance.... That puts some stressors on our classrooms and on our guidance personnel. We’re looking for some relief there.”

Also because of the changing needs of the population, the number of psych evaluations at Lane School has grown in the last 4 years. Each eval takes about 100 hours for testing, observation, meeting time , writing up the reports. “Our psychologist just can’t do them all and so the guidance counselor at Davis—who is also trained as a psychologist—is now doing all the kindergarten evals. We’re looking for some relief for the guidance counselor who is not able to provide the time she needs to give to all the students,” Mr. Sills said.

Additionally the BCBA staff member— whose job description is to support autistic students—now uses most of her time to create behavioral plans for non-autistic students.

In order to address the issues at BHS, the Schools want to increase two current .8 staff in Guidance and Adjustment Counselor FTEs [2 X \$19,501] plus add a .5 FTE Teaching Assistant [\$11,839]. The total of these BHS staff increases is \$50,841. Mr. Sills noted that adding the two .2 FTEs would not require additional benefits since current benefit-eligible staff would merely increase to full time from .8.

At Davis, the Schools ask for an additional 1.0 FTE Adjustment Counselor [ \$61,670].

At JGMS, with an increasing emphasis on STEM education [ Science, Technology, Engineering, Math], the Schools request another 1.0FTE to increase the number of tech classes by one per week at the 6<sup>th</sup> grade level and adding a second tech class each week in 7<sup>th</sup>. 8<sup>th</sup> grade already has 2 tech classes per week so no increase is planned there. The cost for this additional tech teacher is \$61,670. Mr. Sills noted that the current single tech teacher sees 339 students a week.

Three paraprofessional stipends are also requested: two for a Lane School one-hour after school homework and study skills program [\$15,750 total] and one for Project Adventure [\$9,471]. Mr. Sills said that the person now overseeing Project Adventure is a TA who has been taken away from her regular duties to supervise Project Adventure.

SpEd in-house program expansion: The concepts behind the in-house SpEd programs – and the proposed expansions—include providing the best services possible “in the least restrictive environment”. They also include out of district placement and transportation cost avoidance. Mr. Sills noted that Bedford belongs to three SpEd collaboratives and that these memberships will continue. However, looking ahead at demographic changes and specific clusters of students coming up through the integrated preschool, there is an opportunity to avoid out of district placements for these students and to return students currently in out of district placement to in-house programs.

With this in mind, the Schools propose two new programs. One would be at Davis School that would provide services “for these very young kids who are identified with autism.” To staff this program, the Schools request 1.0 FTE Special Ed Teacher [\$61,670]; 2.0 FTE Teaching Asst. [\$47,358]; a .6 Speech and Lang [\$37,002] for a total of \$146,030.

The other program would be at BHS to address social and emotional issues such as “school refusal”, re-entry from hospitalization and significant behavioral problems. “There’s no question that these kids need a therapeutic environment; they need a much smaller, contained place where they can do their learning. They just can’t handle the larger environment and all the chaos and all the peer issues... The numbers here are actually quite large,” Mr. Sills said.

For the BHS program, proposed staffing is as follows: 1.0 FTE Special Ed Teacher [\$61,670]; 2.0 TAs [\$47,358]; 1.0 FTE Adjustment Counselor [\$61,670] for a total of \$170,698. Curriculum instructors equaling .8 FTEs would also be needed for the program but existing staff would be used so no additional cost is associated with this component of the program.

Calculating cost savings, cost avoidance, impact to the School budget and impact to the Town, Mr. Sills said that the two programs together represent a combined in-house SpEd program FY16 School budget net savings in FY16 of \$147,984; a Town FY16 net savings of \$ 37,966; and a circuit breaker offset in FY17 of \$ 63,298. This represents a total net cost to the Town in FY17 of \$ 46,720 in the form of employee benefits.

In summary, the Schools’ propose an FY16 FTE increase of 12.2, including Regular Ed and SpEd professional and paraprofessional staff.

An analysis of hiring trends since 2005 shows a 9.5% increase in enrollment, a 10.2% increase in Regular Ed hiring and a 70.4% increase in SpEd hiring as demand increases and more programs are brought in-house.

Mandates and Accountability: Additional funding requests include \$36,000 to lease 120 iPads (plus ancillary equipment) and buy headphone for JGMS to facilitate PARCC testing and to expand availability of iPads for regular classroom use.

Other fund requests that respond to school improvement program areas equal \$112,500.

Another \$23,000 is needed for security enhancements and expansion of the School Dude building maintenance Facilities program.

Mr. Hafer of the School Committee noted that all the information presented tonight to FinCom had just been presented to the School Committee at its last meeting. The budget process is in the early phases.

Comments/Questions from FinCom members about the Schools' preliminary presentation included:

- Concern that computer replacements are greater than needed [*Mr. Sills will look more deeply into this*];
- Whether \$61,670 is too high a number to plug in for each new hire [*Can be revisited*];
- If there would be transportation issues for the Lane School after school study program [*Potentially*];
- Whether student TA's could be deployed to support an after school homework program at the Plaza Hotel [*Potentially*];
- Whether costs savings were enough to warrant building a more or less permanent SpEd program [*Not in the first year, perhaps but highly likely in the middle term, although there is a risk that out of district students might not come back. Doing in-house evaluations would definitely save costs; keeping students here rather than sending them out of district would as well.*];
- Whether building SpEd programs might attract families to move here for them [*The School Committee asked the same question so the SpEd director is looking to see what programs other districts offer*];
- Whether there would be a space needs impact with expansion of SpEd programs [*Ok for now but if space is added/reconfigured, in-house SpEd space would be a component of building expansion*];
- Why the previous NESD enrollment study missed the kindergarten increase [*They used a formula that no longer works*];
- How many students are being hospitalized [*A few students only but there is "a higher acuity of need" and students can be out for longer periods and fall far behind*];
- How the loss of Impact Aid would affect the budget [*We could stand to miss a year but budgeting impact aid in the same year it's received is not a preferred practice. Going without it for more than the one year would be a problem*];

- Can a history of offsets such as Circuit Breaker be provided [*Mr. Garofalo will do this*];
- What are our responsibilities for providing homework support and addressing school avoidance [*Mr. Sills sees this as an ethical as well as practical responsibility.* ]
- Bedford's per pupil expenditure is lower than 20% of other Massachusetts towns with many comparable, high-performing towns within 5%. However, the School budget has increased at a higher rate than Town revenues. Acton-Boxborough's "cost performance is fantastic", spending \$3,000 less per pupil than Bedford. [*Mr. Sills will provide more per pupil data after digging deeper into the numbers behind the percentages. Bedford has a "higher than average" out of district placement cost. Ms. Seibert of the School Committee added the placements and the size of the town are factors. Mr. McAllister pointed to the "massive" amount spent per pupil in Cambridge and their unenviable outcomes*];
- Are depression and anxiety results of pushing kids too hard. [*The Schools are looking into the stressors. 100 kids regularly see an Adjustment Counselor. Bedford doesn't "teach to the test" but beyond testing and academic rigor, college applications, parental expectations, and peers can play a role. It was noted that it is possible that the Common Core might increase anxiety and the Schools are watching that.*]
- What is the balance of the School Committee Reserve and what is it used for [*The account is rebalanced every year to \$95,000. Some purposes for which the fund has been used include homeless student transportation, attorney's fees, and utilities.*]
- Should staff numbers should be "rebalanced" periodically. [*Mr. Sills allowed that this was a fair question and that staffing was a challenge to manage. However, some years—for example— a small number of students might enroll in a class at BHS but the next year a lot of students sign up. Also, it's harder now to move teachers around since certification only allows .2 of a teacher's time to be spent "out of their licensure" teaching a different subject.*]

#### **Information To Accompany a Later Full Budget Presentation**

- Executive Budget Summary
- Additional Demographic Information
- Additional Class Size Information
- Additional Class Size/FTE Ratios
- Background Information on the Two Proposed In-House Special Education Programs
- Additional SPED Breakdowns
- Additional FTE Breakdowns
- Budget Numbers by School, Cost Center, etc.
- Item Detail
- Comparative District Data

*Mr. Sills will also provide a clearer break down of SpEd costs and reimbursements as requested by Ms. McClung and more per pupil expenditure data as requested by Mr. Bowen.*

#### **Model 2.4:**

Mr. Garofalo started the discussion with the announcement that there had been a 3<sup>rd</sup> sewer main break. The cost of fixing the system is now estimated to be \$3.9M with Hanscom to cover 20%. He added there is \$300,000 left from the original bonding and that the Town is looking into whether the project is eligible for borrowing at 2% from the Water Abatement Trust. The thought is for the loan to be spread over 20-30 years so that paying for it through the water/sewer rates would not be a big jolt for taxpayers.

Mr. Bowen asked what impact this would have on the rates; Mr. Garofalo said, between the water projects and the sewer project, there certainly would be an impact but he was not sure yet what it would be. "The question is, how much of an impact and how much of the sewer fund can we use to maybe mitigate some of the cost," Mr. Garofalo said.

Mr. Thomas said he was glad that a proactive approach to replace the lines from North Hancock Street in Lexington to the pumping station on Great Road across from the DPW is being taken to address the sewer problem.

Due to the anticipated increase in water/sewer revenue, Mr. Garofalo has increased the line item to \$4,973,413 in the model and increased the Non-exempt interest to \$820,156.

For Utilities, Mr. Garofalo removed \$831,000 from the Schools, \$96,000 from the Library, and \$47,598 from the Town. The combined \$1,251,602 for Utilities is now listed under Facilities. At Fiscal Planning's last meeting it was decided that utilities costs associated with water and sewer would not be included in this segregation because they are reclaimed through the rates.

Capital Expenditures is doing an analysis of total requests but Mr. Garofalo said— when he originally did his own analysis— Capital requests equaled \$2.8M. Due to additional modulars and feasibility study for the Schools, the number has grown to about \$3.1M—which would be paid for through cash on hand or bonding. There are more projects beyond the \$3.1M that would be paid for "in other ways", such as Community Preservation, Mr. Garofalo said.

Mr. Garofalo will do an estimate of the tax impact of approving these \$3.1M projects.

As for energy conservation, Mr. Garofalo said that Facilities Director Alani is "very committed." Mr. Alani is scheduled for the next meeting to discuss the impact of increasing utility costs. Mr. Garofalo said that Mr. Alani can control energy usage "from his computer."

The budget Surplus now stands at \$1,576,960 and the Unused Levy total is \$ 3,755, 638.

To adjust for higher utilities costs, another \$448,398 was added [increase of 35.83%]. The new utilities number—which will certainly be revisited after Mr. Alani's presentation—now stands at \$1.7M.

Because of this change, Surplus was adjusted to \$1,128,562 and the Unused Levy total \$3,307,240. The amount of Unused Levy to leave for FY16 remains at \$2,178,678.

**Guideline:** In preparation for establishing the guideline, Mr. Garofalo said a 2.5% increase would equal \$1,316,719 for department increases. This exceeds the latest Surplus number of \$1,128,562. To achieve 2.5%, Unused Levy or Capital would have to be tweaked by \$188,158. Taking \$188,000 from Capital, the recalculated Capital number is \$ 2,611,000. The budget Surplus is now \$1,317,000 achieving a 2.5% guideline.

Chairman Steele reported that at Fiscal Planning Town Manager Reed said that 2.5% would be enough to cover Selectmen's departments' contractual obligations and merit but it would leave "a very small amount" for anything else—basically enough for a level-services budget. "He said this would be \$50,000-\$100,000 short of what was really needed," Mr. Garofalo said.

Mr. Garofalo will send out a draft of the guideline letter for review by the Committee members before finalizing the copy. With adjustments, the Schools' guideline increase is 2.21 and the Selectmen's is 2.27. Overall, the increase is 3.37% from FY15 to FY16.

Several in the Committee debated whether to back out the utilities and tech line items before or after stating the increase. Mr. Garofalo said he would add a column that made the adjustments and the percentages transparent so there would be no confusion or misunderstanding.

It was agreed that it was premature to give Capital Expenditures a Capital article figure. It was reported that Fiscal Planning came to consensus to support the 6-year planning process, but did not go so far as to approve an actual dollar amount or any of the individual projects now being vetted.

Ms. McClung asked who oversaw the snow budget to make sure streets weren't being over plowed. "Who's making sure the spending is appropriate? There's no incentive to stay within a budget....Over-plowing also has a cost in terms of road maintenance."

Mr. Garofalo said there is a rule of thumb for per inch plowing costs. "I'll ask [DPW Director Sorenson] for a comparison to other communities and what it costs them so you can gauge that. We might be a little bit higher but we also have the commercial/industrial and the business in this town so there's a chance our per inch cost would be a little higher," Mr. Garofalo said.

Mr. Thomas added that he'd like to hear from Mr. Sorenson "what the community expectation for plowing is in this town. I bet it's higher than the people in Billerica and Chelmsford expect to put up with."

**Meetings attended:** Mr. Thomas attended the Selectmen's meeting. Other than the latest sewer break and \$3.9M repair project, the big news is that Wilson Park has been misspelled for years. Apparently, there are meant to be two "L's", not one.

Mr. Powell attended the Planning Board meeting where a subdivision plan was approved for Irene Road and a special permit was extended for 100 Plank Street, off Middlesex Turnpike.

An RFP will be issued for the Coast Guard Housing parcel that the Town will buy from the Feds and



Simultaneously sell to a pre-selected developer. The developer will execute a plan to create 30-35 “cottage style” housing units. A portion of these units will be designated as “affordable” but the whole project is not for “affordable” housing.

Mr. Moonan said the Town has hired an independent appraiser to determine a market value for the property that will be used in negotiations with the government.

Mr. Steele said it should be determined what impact there would be on the Schools from this development.

Mr. Powell added that the Planning Office is submitting a “way-finding” grant to improve signage and landscaping near the current bikepath terminus at Depot Park. The Chamber of Commerce is particularly supportive of this initiative. It is estimated that 16,000 vehicles drive by Bedford’s businesses on a daily basis.

The Planning Board is also working on an industrial zoning amendment. Mr. Powell said it doesn’t sound as if this will be finished in time for ATM. “There was lots of talk about aviation use, used car dealership use. They’re going to try to further restrict some of the less attractive uses.”

There is a new restaurant permit before the Zoning Board of Appeals for the red house at 120 The Great Road, next to Brown and Brown.

Ms. Perry attended the Community Preservation Committee meeting at which a revote of the FY15 budget occurred due to the General Reserve being counted twice. “Once they took out the additional \$323,000, they were in \$107,000 deficit budget. That \$107,000 will come out of the Affordable Housing Reserve,” Ms. Perry said.

The CP amount available for FY16 has been estimated at \$920,000.

CPC also reviewed the 6-year plan and the requests for CP funds add up to \$2.3-\$3.7M, “depending on how you look at it.” “This is probably the first year that they have less available than the projects that are being looked at,” Ms. Perry said.

Ms. Perry also went to two CapEx meetings. In the first meeting, the request to fund the VOIP telephone system was explained. The Library is already on the VOIP because the old phone system failed.

CapEx also discussed implementing a roof management system for preventive maintenance.

Carpeting projects at the DPW, Town Hall, Town Center, Depot have been “put on hold” for this year.

At the second CapEx meeting, the project vetting process was again discussed. All departments have now made their presentations. Projects to be bundled have been identified. The Committee did a “first pass” on rating using a 0,1,2,3 and X system with “X” signifying projects that should be deleted. “Zero will be the highest priority, three will be ‘defer’,” Ms. Perry explained.

There was some confusion about the road resurfacing request for \$1.5M. Given earlier presentations about different funding sources, FinCom's sense—as well as Mr. Moonan and Mr. Garofalo's—is that no road money at all is being requested from Capital. Ms. Perry made note of this and will relay the information to CapEx.

Ms. Perry added that CapEx is trying to transition from reacting to cost—as it would have done in years past— to merely vetting projects for their merit.

Mr. Bowen met with State Rep. Ken Gordon who says the Legislature “is very firm that they don't want to approve the package of cuts to [State Impact Aid.] An alternative suggested to raise cash was a tax amnesty for corporations; they're looking for other possible sources of revenue.... Legislators are doing what they can do but we don't have the money right now.”

Ms. Perry moved to approve the minutes of November 20, 2014 as amended. Mr. Bowen seconded. The motion passed, 8-0-0.

Mr. Powell moved to adjourn. Ms. McClung seconded. The motion passed, 8-0-0.

Respectfully submitted,  
Kim Siebert, Finance Committee Recording Secretary

